

BUDGET, FINANCE & INVESTMENT COMMITTEE

October 8, 2009

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Comm. Jeff Jordan
Teb Batey
Truman Jones
Lisa Nolen
Lois Miller
Regina Nelson

Others Present:

Dana Garrett
Jeff Sandvig
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with all members being present.

APPROVE MINUTES:

The minutes of the September 10, 2009 Budget Committee were presented for approval.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the minutes as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that the LGIP interest rate for the month of September was .49%, which was a reduction from the prior month of six basis points. One investment transaction occurred during the month with First Bank receiving the bid at 1.75% for one year.

Following review, Comm. Bullen moved, seconded by Comm. Jernigan to approve the Investment Report as presented. The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Mrs. Lisa Nolen, Finance Director presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month totaled \$79,500 with the year-to-date total being \$303,750. This compared to the same period last year when the September, 2008 Development Tax collections totaled \$322,500, and the year-to-date collections were \$1,681,500.

The committee reviewed the funds' cash balances totaling \$145,767,063 with operating funds totaling \$103,390,552 and borrowed funds totaling \$42,376,511. This compared to September, 2008 when the total cash balances were \$111,286,027 with operating funds being \$100,415,429 and borrowed funds being \$10,870,598.

The Finance Director distributed an updated analysis of the revenue collections through September 30. The Finance Director reminded the committee that when considering the revenue collections for the General Fund and the Ambulance Fund together, that the revenue collected at this point was about the same as last year.

The Finance Director advised with only two months reporting, the sales tax collections were down 6.84% including all entities.

Comm. Shafer asked about the cash balance of \$312,655.01 remaining in the Stewarts Creek Middle School project.

The Finance Director advised that she would check into that and get back with Comm. Shafer.

Following review, Comm. Sandlin moved, seconded by Comm. Jordan to approve the Fund Condition Report for the month ending September 30, 2009 as presented. The motion passed unanimously by acclamation.

INSURANCE REPORT:

Mrs. Lois Miller, Insurance Director, presented the monthly Insurance Report for the use and information of the committee advising that after one quarter, the medical costs were down 14.5% for medical, dental and vision. The CareHere costs were up 11.5% for the quarter compared to the same time period last year. When combining the medical costs and the CareHere costs, the total costs were down 12.7%.

At the end of September, the GASB liability was \$22.1 million.

The Work Injury Program also reflected a favorable quarter with the costs being down 47% from the same period last year. The current year-to-date claims costs were \$223,641, which was 52.98% of the claims costs for the same period last year.

Comm. Shafer asked how many old Workers' Compensation claims were still open.

Mrs. Miller advised the old Workers' Compensation claims were being settled as rapidly as possible. She stated she would get back with Comm. Shafer on the exact number of old claims that were still open.

Following review, Comm. Bullen moved, seconded by Comm. Peay to approve the monthly Insurance Report as presented. The motion passed unanimously by acclamation.

REQUEST APPROVAL OF GRANT APPLICATION WITH TENNESSEE STATE LIBRARY AND ARCHIVES:

Mrs. Nolen advised that Mr. Lodl was unable to attend the meeting, but advised that he was requesting approval to apply for the FY 2009-2010 Direct Grant for Local Government Archives from the State of Tennessee, Tennessee State Library and Archives. The Finance Director advised that there was only \$45,500 available to be shared among qualified counties and municipalities. The grants are to be used for the purchase of archival supplies and equipment that directly help to salvage, restore, and preserve endangered permanent records of the county/municipality. The grant does not require any local matching funds. Mr. Lodl has advised that he would be applying for a \$5,000 grant for archival supplies.

Comm. Jordan moved, seconded by Comm. Shafer to authorize the Archives Director and the County Mayor to submit an application to the Tennessee State Library and Archives for the FY 2009-2010 Direct Grant to Local Government Archives to be used for the purchase of archival supplies, and further, that the County Mayor be authorized to execute the grant contract subject to a grant being awarded. The motion passed unanimously by roll call vote.

REQUEST APPROVAL OF GRANT APPLICATION AND AUTHORIZE MAYOR TO EXECUTE GRANT CONTRACT WITH TENNESSEE DEPARTMENT OF TRANSPORTATION FOR HIGHWAY SAFETY GRANT FOR DUI COURT:

Chairman Ealy advised of a grant in the amount of \$60,003.99 that was available through the State of Tennessee, Department of Transportation for the Rutherford County Drug Court Program's DUI Court. There are no matching funds required. She requested approval for the County Mayor and the Drug Court Coordinator to submit the grant application, and additionally, authorize the County Mayor to execute the grant contract subject to a grant being awarded.

The Finance Director advised that the County had received this grant in the past, and that it was not American Recovery and Reinvestment Act funds.

Comm. Sandlin moved, seconded by Comm. Jernigan to authorize the Drug Court Coordinator and the County Mayor to submit a grant application to the State of Tennessee, Department of Transportation for a Highway Safety Grant in the amount of \$60,003.99; and additionally, to authorize the County Mayor to execute the grant contract subject to a grant being awarded. The motion passed unanimously by roll call vote.

AMBULANCE SERVICE FUND BUDGET AMENDMENTS:

Chairman Ealy requested approval of the following budget amendment for the Ambulance Service Fund to appropriate funds received from providing medical coverage at various events for Overtime Pay and the related benefits:

Increase Revenue:	118-43990 – Other Charges for Services -	\$10,890
Increase Expend.:	118-55130-187 – Overtime Pay -	\$ 8,664
	118-55130-201 – Social Security -	675
	118-55130-204 – State Retirement -	1,393
	118-55130-212 – Employer Medicare -	158

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget amendment for the Ambulance Service Fund as presented. The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS

SHERIFF’S DEPARTMENT:

Sheriff Truman Jones and Chief Regina Nelson requested approval of the following budget amendments to appropriate revenue from the 2009 JAG Recovery Grant (ARRA) to purchase equipment. The grant is a multi-jurisdictional grant between Murfreesboro, La Vergne, Smyrna, and Rutherford County:

Increase Revenue:	101-47305 – ARRA – Sheriff JAG Byrne Grant -	\$538,165
Increase Expend.:	101-58805-716 – Law Enforcement Equipment -	\$538,165

Chief Nelson also requested approval of the following budget transfer to provide funding to purchase a copier:

From:	101-54110-435 – Office Supplies -	\$1,995
To:	101-54110-719 – Office Equipment -	\$1,995

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget amendment to appropriate funds to be received from the ARRA Sheriff JAG Byrne Grant in the amount of \$538,165 for Law Enforcement Equipment and to transfer \$1,995 from Account 101-54110-435, Office Supplies, to Account 101-54110-719, Office Equipment, to purchase a copier as requested. The motion passed unanimously by roll call vote.

HEALTH DEPARTMENT:

Chairman Ealy introduced Ms. Dana Garrett, the new Health Department Director, to the committee.

Finance Director Lisa Nolen advised that the base contract with the Tennessee Department of Health totaled \$1,629,700, which was the amount of the contract that the County Commission approved for the 2009-2010 Fiscal Year. Mrs. Nolen advised that an amendment to the State Contract in the amount of \$646,100 was being presented making the total amount of the contract \$2,275,800.

Mrs. Nolen explained that the total amount approved in Rutherford County’s budget for the state-funded portion of the Health Department was \$1,702,735. She requested approval of the

following budget amendment to correct the County's original budget to mostly agree with the State Grant Contract and to appropriate additional State funding allocated for the H1N1 vaccination:

Increase Revenue:	101-46310 – Health Department Program -	\$573,065
Increase Expend.:	101-55190-187 – Overtime Pay -	\$228,500
	101-55190-201 – Social Security -	14,170
	101-55190-201 – State Retirement -	29,225
	101-55190-205 – Employee/Dependent Ins. -	8,855
	101-55190-212 – Employer Medicare -	3,315
	101-55190-349 – Printing/Stationery/Forms -	300
	101-55190-355 – Travel -	3,000
	101-55190-399 – Other Contracted Services -	317,800
Decrease Expend.:	101-55190-348 – Postal Charges -	13,800
	101-55190-499 – Other Supplies/Materials -	18,300

Ms. Garrett advised that the Federal Government provided some funds to the State. The State decided that the best way to get the money to the counties would be to amend the contracts with the counties. She explained that the additional funds would be used to help with the H1N1 vaccination of the community. She advised that they would need to hire nurses and pay overtime and the related benefits.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Health Department as requested to correct the County's original budget to agree with the State Grant Contract and to appropriate additional state funding allocated for the H1N1 vaccination; and additionally to authorize the County Mayor to execute an amendment in the amount of \$646,100 to the State Contract with the Tennessee Department of Health making the total contract \$2,275,800. The motion passed unanimously by roll call vote.

Ms. Garrett advised that the H1N1 vaccine would be available very soon, and as soon as she knew the dates she would get the word out.

The Finance Director also advised that, in addition, the County Building's Maintenance Director had spent approximately \$4,500 in unexpected expenses for hand sanitizer, and other cleaning products for all of the departments to help combat the flu virus. Because of this, she advised the committee to expect a budget amendment relating to the expenses.

ARRA – ENERGY EFFICIENCY & CONSERVATION BLOCK GRANT:

The Finance Director advised that the County had been notified of a grant award from the U. S. Department of Energy for an ARRA Energy Efficiency and Conservation Block Grant in the amount of \$418,600. The Grant funds will be used to purchase additional recycling equipment thereby providing 100% recycling efforts at all convenience centers. In addition, the funds will be used to upgrade and replace fluorescent lamps in four county office buildings, upgrading HVAC controls in four buildings and replacing metal halide bulbs in five parking lots.

The Finance Director advised that the total solid waste project was \$154,572 with \$110,000 being provided from the ARRA Energy Efficiency Grant and \$44,572 would be provided from current funds in the Solid Waste budget through the Recycle Rebate Grant.

The total General Fund Project would cost approximately \$308,600.

The Finance Director requested approval of the following budget amendment to recognize the revenue to be received from the ARRA Energy Efficiency & Conservation Block Grant and to appropriate the grant funds for the Maintenance & Repair of Buildings and to purchase additional recycling equipment:

Increase Revenue: 101-47801 – ARRA-Energy Efficiency Block Grant - \$418,600

Increase Expend.: 101-58806-335 – Maint./Repair Buildings - \$308,600
101-58806-733 – Solid Waste Equipment - 110,000

Following discussion, Comm. Jernigan moved, seconded by Comm. Bullen to approve the budget amendment as presented to recognize the revenue in the amount of \$418,600 to be received from the ARRA Energy Efficiency & Conservation Block Grant and to appropriate the grant funds to purchase additional recycling equipment and to upgrade and replace fluorescent lamps in four county office buildings, upgrading HVAC controls in four buildings and replace metal halide bulbs in five parking lots. The motion passed unanimously by roll call vote.

PUBLIC DEFENDER:

The Finance Director advised that when the 2009-2010 budget was adopted \$20,000 was included for the Public Defender, and it was believed that the money would be paid to the State of Tennessee, and that the Public Defender would combine the money with other money available from the State to fund a position.

After the budget was adopted, the Public Defender discovered that would not work, so he will be contracting with an individual to assist in defending juvenile cases. Therefore the funding needs to be reclassified from Contracts with Government Agencies to Other Contracted Services. The Finance Director requested approval of the following budget transfer in order to reclassify the expense for the Public Defender:

From: 101-53610-309 – Contracts w/Government Agencies - \$20,000
To: 101-53610-399 – Other Contracted Services - \$20,000

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer for the Public Defender to reclassify the expense to pay an individual to assist in defending juvenile cases from Contracts with Government Agencies to Other Contracted Services as requested. The motion passed unanimously by roll call vote.

PAYMENT IN LIEU OF TAXES/PAYMENT TO CITIES:

The Finance Director requested approval of the following budget amendment to provide additional funding to the Town of Smyrna for Nissan's Payment in Lieu of Taxes. Nissan's PILOT increased by \$274,966. Since the County increased the property tax rate, the County will receive a larger share of the increase; however, the Town of Smyrna will be due some increase, as well. The amendment also includes an increase to the PILOT revenue because two additional PILOTS were not budgeted (L&W - \$39,877 and Franke - \$21,065), actual appraised values, and the increase of 17.5 cents to the county property tax rate:

Increase Revenue: 101-40163 – Payment in Lieu of Taxes - \$485,000

Increase Expend.: 101-58700-309 – Contracts w/Gov't. Agencies - \$19,662

Increase Undesignated Fund Balance: 101-39000 - \$465,338

Comm. Peay moved, seconded by Comm. Shafer to approve the budget amendment as requested increasing the revenue for the Payment In Lieu of Taxes and increasing the expenditure for the payment to the Town of Smyrna based on the actual payment received from Nissan passed unanimously by roll call vote.

GENERAL PURPOSE SCHOOL FUND:

Mr. Jeff Sandvig, Assistant Superintendent, was present to request approval of a budget amendment to amend \$12,092 from state funding for career ladder, extended contract and to

reduce the related extended contract expenditures by \$12,092 due to the state reducing the system's 2009-2010 allocation.

Decrease Revenue:	141-46615 – Extended Contract – ARRA -	\$ 12,092
Decrease Expend.:	141-71300-127 – Career Ladder-Extended Cont. -	\$ 600
	141-71300-201 – Social Security -	37
	141-71300-204 – State Retirement -	39
	141-71300-212 – Employer Medicare -	9
	141-72130-127 – Career Ladder-Extended Cont. -	2,000
	141-72130-201 – Social Security -	124
	141-72130-204 – State Retirement -	128
	141-72130-212 – Employer Medicare -	29
	141-72410-127 – Career Ladder-Extended Cont. -	8,000
	141-72410-201 – Social Security -	496
	141-72410-204 – State Retirement -	514
	141-72410-212 – Employer Medicare -	116

Mr. Sandvig next requested to amend \$180,000 in state funding for the Coordinated School Health Grant and the related \$180,000 in expenditures. The amendment moved the \$180,000 in state funding for the Coordinated School Health Grant from a federal sub-fund to the General Purpose School Budget. This year the program was funded with ARRA funds. The \$180,000 in expenditures covered staff and program expenditures:

Increase Revenue:	141-46591 – Coordinated School Health-ARRA -	\$180,000
Increase Expend.:	141-72120-189 – Other Salaries/Wages -	\$ 80,000
	141-72120-201 – Social Security -	5,240
	141-72120-204 – State Retirement -	6,800
	141-72120-206 – Life Insurance -	120
	141-72120-207 – Medical Insurance -	14,500
	141-72120-212 – Employer Medicare -	1,250
	141-72120-299 – Other Fringe Benefits -	180
	141-72120-355 – Travel -	3,200
	141-72120-499 – Other Supplies/Materials -	50,710
	141-72120-524 – In-Service/Staff Development -	3,500
	141-72120-735 – Health Equipment -	14,500

Mr. Sandvig next requested approval of the following budget amendment to amend \$211,531 from eRate revenue, Account 44146 and to amend the same amount in the related communication expenditure, Account 72410-307. The amendment reduced federal eRate revenue by \$211,531 and also reduced the related expenditure. This year the state is handling eRate revenue differently. The eRate discount will be reflected in the communication billings instead of a revenue item:

Decrease Revenue:	141-44146 – eRate Funding -	\$ 211,531
Decrease Expend.:	141-72410-307 – Communication -	\$ 211,531

Following review, Comm. Shafer moved, seconded by Comm. Sandlin to approve the budget amendments as requested to amend \$12,092 from state funding for career ladder, extended contract and to reduce the related extended contract expenditures by \$12,092; to amend \$180,000 in state funding for the Coordinated School Health grant and the related \$180,000 in expenditures; and to amend \$211,531 from eRate revenue and to amend the same amount in the related communication expenditure. The motion passed unanimously by roll call vote.

RESOLUTION AUTHORIZING A TRANSFER OF FUNDS FROM THE GENERAL PURPOSE SCHOOL FUND TO SCHOOL FEDERAL PROJECTS:

Mr. Sandvig advised that occasionally the General Purpose School Fund had to cover Federal Projects funding through loans until reimbursement from the state was received. He advised with the stimulus funding, it would probably happen more often as the grants were paid on a reimbursement basis. He stated that at times the GPS Fund had to advance the Federal Projects Fund approximately \$200,000 to \$300,000. Mr. Sandvig requested approval of a Resolution, contingent upon School Board approval on October 15, to transfer up to One Million Dollars to the School Federal Projects Fund during the 2009-10 Fiscal Year.

The Finance Director advised that the Department of Education had assisted in preparing the Resolution, and it had been reviewed by the Comptroller's Office. She advised that it was not only affecting Rutherford County, but other counties, as well.

Following review, Comm. Shafer moved, seconded by Comm. Bullen to forward a Resolution to the County Commission authorizing a transfer of funds up to One Million Dollars from the General Purpose School Fund to the Federal Projects Fund for the Fiscal Year ending June 30, 2010 contingent upon School Board approval. The motion passed unanimously by roll call vote.

Comm. Shafer advised that he had received numerous comments asking how the county built schools and that the esthetics were much more than what the schools needed. He stated that it was his understanding, even with the county including metal roofs and geothermal heating and cooling, which would pay for itself in the very near future and last longer, that Rutherford County still built schools for the lowest construction cost in the mid-state. He requested an analysis of the cost per square foot for school construction comparing that to Williamson County, Davidson County, Wilson County, Sumner County, and Bedford County. He stated that the report could just include the actual school construction and as a separate category the land costs and permit fees, and if available the cost of the furnishings.

Mr. Sandvig advised that in the past when a comparison was done between Wilson Central and Blackman High School, some of the costs for Wilson Central were not included in the cost comparisons. He stated that when making a comparison between the different school systems, it is not always an equal comparison.

Comm. Shafer stated that he believed that Rutherford County was building schools better and less expensive than other school systems.

Comm. Jordan stated that he believed that Mr. Clardy had given a presentation when the new middle schools were approved and he believed that the cost was substantially less than \$100 per square foot.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:14 P.M.

Elaine Short, Secretary